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DIRECTORATE OF  
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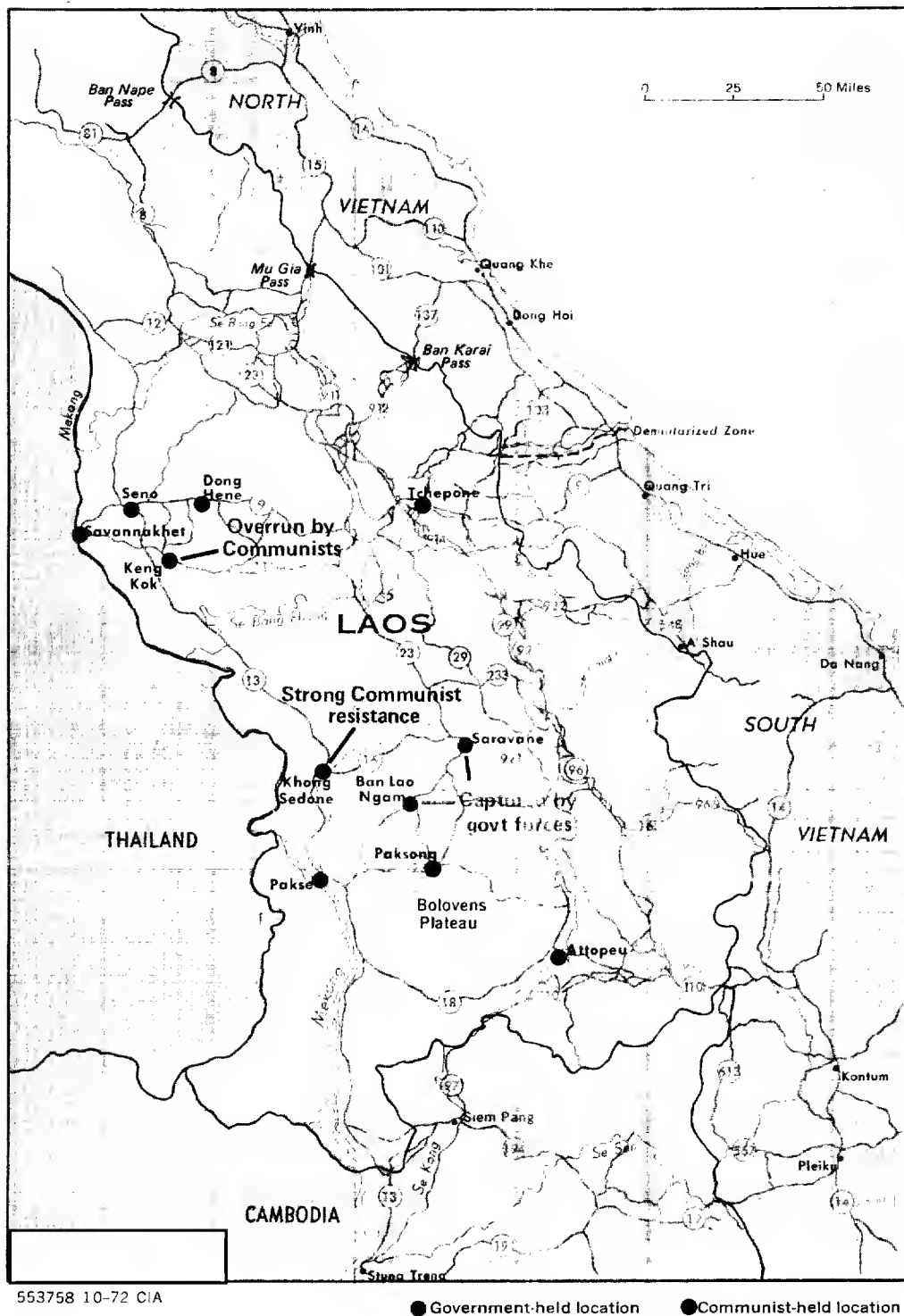
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LAOS: The Communists for the first time have occupied Keng Kok, an important town some 30 miles southeast of Savannakhet in south Laos.

Combined North Vietnamese and Pathet Lao forces drove the Lao Army garrison from the town on 28 October and then pushed west toward Route 13, a major north-south road. Four missionaries, three US and one Canadian, were captured during the attack. Villagers report that as many as two enemy battalions are now building a bunker system within Keng Kok.

The increase in activity in the central panhandle seems designed to forestall any government push west to capture important towns along Route 9. The Communists no doubt are also interested in gaining as much territory as possible in anticipation of a cease-fire in the near future.

The Communists are faring less well farther south in the panhandle. Irregular troops this weekend drove the last North Vietnamese troops out of Saravane while other irregulars occupied Ban Lao Ngam, just north of the Bolovens Plateau. Lao Army units have been unable to retake Khong Sedone to the west, however.

Military activity remains light in north Laos as Vang Pao continues to regroup the task force that was driven off the southern Plaine des Jarres on 26 October. Government forces suffered heavy casualties in this fighting: 100 were killed, 200 wounded, and several hundred are still missing. [REDACTED]

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CHILE: Pressure from the Socialist Party has forced President Allende to reject the latest settlement terms offered by the truck owners association to end the protest movement, now in its 21st day.

On 27 October, Allende abruptly broke off negotiations with protest leaders, after having accepted their settlement offer as a basis for discussion. The Socialists all along had been opposed to any concessions, but they reportedly have at last been able to convince the Communists that now is the time to determine if it is to be the government or its opponents who rule Chile. The continued firm support offered by the army to the government during the strike period--in spite of grumbling from the air force--may have convinced the government parties that they can afford a waiting game.

Minor demonstrations continue to agitate Santiago. Incidents of sabotage have not ceased, but [redacted] the right-wing extremists lack the capability for a major act of destruction. The radio stations are broadcasting normally, following a finding that the compulsory network was illegal. This gain for the opposition was countered by the government's decree dissolving the striking truck owners association. [redacted]

[redacted]

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THE YEMENS: The prime ministers of Sana and Aden announced settlement of most major differences on 28 October.

The heads of state of Sana and Aden are scheduled for a summit meeting on 25 November in Libya to ratify an agreement on unification which will take place after one year. The unity formula provides for special committees to plan the merger and draft a new constitution; it was prepared by delegations from Sana and Aden who have been meeting in Cairo under Arab League auspices since 21 October.

A joint statement issued by Sana Prime Minister Muhsin al-Ayni and Aden Prime Minister Ali Nasir Muhammad indicated that the two sides had also agreed to reopen their borders, ban terrorist activity, repatriate Adeni exiles in Yemen (Sana) who wished to return home, withdraw troops from areas occupied after 26 September, and close "training camps"--sites in Yemen (Sana) used by the National Unity Front, the umbrella organization of anti-Adeni dissidents. The text of the agreement does not specify that Sana's troops will, in fact, withdraw from Aden's Kamaran Island which was occupied in early October.

Many obstacles to the implementation of the agreements reached between the two Yemens are still to be overcome, not the least of which is the ideological gulf between Aden's extreme leftist government and Sana's traditionalist regime. In addition, Sana Prime Minister al-Ayni is likely to encounter opposition from those tribal and military leaders who opposed a cease-fire and favored enlargement of hostilities with Aden.

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GUATEMALA: Leftist forces have reacted cautiously so far to the disappearance last month of the top Communist Party leaders.

The extreme left has hesitated to retaliate against the government, probably fearing to provoke an all-out campaign against the already weakened insurgency movement. The Communist Party long has been convinced that infiltration of labor unions and student movements and alliance with the legitimate political parties offered a better opportunity for ultimate success than continued reliance on terrorism. The acting Communist leadership probably has given up hope that the captured men will turn up alive, but in order to head off rank-and-file demands for immediate revenge, they are trying to hold out the hope that a propaganda effort will gain the release of the Communist leaders.

The pro-Castro Rebel Armed Forces (FAR), the major terrorist organization, has also maintained a wait-and-see attitude. The FAR recently suffered a setback of its own when security forces rescued a kidnap victim and in the process captured or killed six FAR members. The FAR may prefer to wait until the government's guard has been lowered before making a major move.

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NOTE

USSR: Civilian industrial production continues to lag, despite a slight improvement in the third quarter. Overall industrial performance is disappointing, with output during January-September growing by an estimated five percent over the comparable period last year. This is the lowest nine-month growth rate since 1969. A Pravda editorial stresses that Soviet industry will have to produce considerably more in the next two months if the industrial output plan for 1972 is to be met. The impact of diverting labor and trucks from the industrial sector to support harvest operations was not severe and the rate of industrial production accelerated during the period July through September. [REDACTED]

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